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SURVEY OF ECONOMIC AND SOCIAL CONDITIONS IN AFRICA 1982-1983:

OVERALL TRENDS

A. Developments during 1982

1. There was no growth in African output in 1982. Measured in constant 1980 prices, total GDP at market prices remained at 306.6 billion dollars as in 1981. Coming after the 2.7 per cent fall recorded in 1981, the 1982 stagnation may be viewed as an improvement of the situation, but income per head fell again, and was down by 7.7 per cent compared to 1980. There was a narrowing of the deficit on the goods and services account which came down to 2.8 per cent of GDP compared to 4.1 per cent in 1981, but this reflected more the reduction of imports than an improvement of export revenues which in fact declined. The overall stagnation of output was however the result of significantly divergent trends among subregions and economic groups. First of all the countries members of OPEC, saw a further decline of their output by 2.4 per cent in 1982 after a fall of 9.6 per cent in 1981. Oil market conditions worsened during the year and the downward pressure on prices intensified as consumption declined in industrialized countries. Non-OPEC countries grew at a rate of 2.2 per cent, a sharp reduction on the 4.4 per cent achieved in 1981. In fact many countries registered, losses in output, and the overall 2.2 per cent rate was mainly due to improved climatic conditions in West and North Africa. Otherwise in Central Africa, GDP increased by .3 per cent only, and in East Africa, the growth rate of 2.5 per cent was sharply down compared to the 5.7 per cent achieved in 1981. The only countries which continued to grow at significant rates in 1982 are the non OPEC countries of Northern Africa and the non OPEC oil exporters. The Tunisian and Egyptian economies continued to grow at comparatively high rates despite the problems affecting them, and non OPEC oil exports like Congo and the Cameroon made considerable gains. In contrast, countries like Ivory Coast saw their growth falter under the impact of low external demand and high debt repayments.

2. The international situation played a key role in Africa's economic performance; through the contraction of demand for Africa's exports which resulted from the second oil shock of 1979/1980, the consequent slump in OECD's economies and the associated changes in financial flows. Demand for oil fell dramatically, as OECD oil consumption declined by 2 million barrels a day, to 33.7 million barrels a day after reaching 41.0 million barrels in 1979. African OPEC members exports stagnated at 49.3 billion dollars 20.8 per cent less than in 1980 (62.1 billion dollars). Demand for other primary commodities declined as well, prices falling for almost all African exports. The IMF commodities index fell by 12 per cent, and the UNCTAD index by 16.1 per cent, some products reaching record lows like in the case of copper. Non OPEC members exports, went down to 21.1 billion dollars against 29.9 billion in 1981. Imports declined as OPEC countries started to cut down on them through deliberate

Table III.A.1
Developing Africa's output and demand, 1980-1983
(Billions of dollars at 1980 prices)

	1980	1981	1982	1983
GDP	315.2	306.6	306.6	306.2
Imports (goods/services	97.7	100.2	93.8	94.5
Domestic demand	307.8	319.3	315.0	312.5
Investment	81.8	85.4	77.6	73.2
Savings	89.2	72.6	69.4	66.9
Exports (goods/services)	105.1	87.5	85.3	88.2
Deficit on goods and services (%)	2.3	-4.1	-2.8	-2.1
Trade (current prices)				
Exports	94.7	79.1	69.4	64.6
Imports	74.9	85.1	73.6	64.1
Balance	19.8	-6.0	-4.2	0.5
Reserves	33.7	21.9	15.7	13.9 2/
Money supply 1/	44.4	45.9	46.6	45.8
Inflation (1980 = 100)				
Average	100.0	118.9	135.0	151.3
Median	100.0	114.6	129.6	141.6

Source: ECA Secretariat.

1/ Sample of 29 countries, current prices.

2/ First quarter.

policies, and non OPEC countries either restrained them deliberately or were forced to reduce them because of falling export revenues not supplemented by sufficient capital inflows. Overall African imports went down to 73.6 billion dollars compared to 85.1 billion in 1981, a 13.5 per cent fall, and the trade deficit narrowed to 4.2 billion after a considerable 6.0 billion in 1981. However the payments problem remained serious and even worsened for a number of countries experiencing acute difficulties in financing their basic imports. Overall, Africa had to dip into its reserves in order to finance imports, overall reserves falling by 6.2 billion dollars to 15.7 billion dollars at the end of the year. Nigeria's reserves fell dramatically to 1.6 billion dollars a year and compared to 10.2 billion in 1980, and the country

started to accumulate arrears on its foreign payments. In Tanzania the level of reserve was down to 4.8 million dollars only, or 0.5 per cent of the 1982 imports at the official rate of exchange.

Table III.A.2
Developing Africa's GDP growth by subregion and groups
(Percentage at 1980 prices)

	1980	1981	1982	1983
Developing Africa	1.3	-2.7	0.0	-0.1
Oil exporters	...	-5.6	-1.0	0.3
OPEC members	-1.3	-9.6	-2.4	-0.9
Non oil exporters	...	2.6	1.8	-0.9
Non-OPEC	4.3	4.4	2.2	0.6
Least developed countries	4.4	5.0	0.8	-0.2
North Africa	1.6	-5.8	-0.6	2.4
Sub-Saharan Africa	1.1	-0.2	0.4	-1.9
West Africa	-0.4	-3.9	-0.4	-4.2
Central Africa	1.6	3.6	0.3	2.5
East Africa	4.7	5.7	2.5	0.6

Source: ECA Secretariat and country reports.

3. Agricultural production increased by 2.5 per cent, but this was mainly the result of good weather in Northern Africa and the Sahel region. A case in point was Senegal where after two bad 1980 and 1981 years, agricultural production increased by 51 per cent. Excluding the temporary effect of the weather, the situation of agriculture remained however a cause for concern, as available data tend to support the contention that on long term basis, food production per head is not keeping pace with population growth. The growth of food imports and particularly of cereal imports which went up to 24.8 million tons in 1982/1983 is an indicator of trouble. Cash crop production was also influenced by the weather particularly groundnuts, but apart from that none of the other products showed great dynamism: coffee production was at 1,043,000 tons compared to 1,000,000 tons in 1981, Ivory Coast becoming the major producer, while Ghanian and Nigerian production declined, sugar production at 7.1 million tons, and cotton at 5.2 million bales. The fall of prices on international markets badly affected export incomes and was a further disincentive to production. Internally both food and cash agriculture were suffering

in many cases from past policies which led to unremunerative producers prices compounded by exchange rates which overvalued the currencies and favoured imports over domestic production. Also agriculture had not received for a long time sufficient investment and the necessary services in terms of extension services, transport, distribution and credit were seriously deficient. Apart from this, with population growth around 2.7 per cent a year or more, the traditional slash and burn agricultural system is reaching its limits and leading to the shortening of fallow time in many areas with adverse consequence on yields.

4. In the mining sector, external factors were predominant. For oil, production was depressed in OPEC countries both by mandated production cuts aimed at maintaining prices and by falling demand. In non OPEC oil producers on the contrary, production soared, unencumbered by OPEC price levels and production quotas. For non oil mineral production the effect of the recession in the OECD was damaging, production being cut down for copper, cobalt, iron, manganese and uranium. For cobalt, Zairian production went down by virtually 50 per cent, while in Niger the falling export revenues from uranium created a serious economic crisis.

5. The manufacturing sector stagnated, showing practically no growth. The availability of imported raw materials and inputs was a key determinant of the performance of the sector, and with many countries experiencing balance of payments difficulties the inability to obtain these inputs depressed production in many countries. In some extreme cases like in Ghana, capacity utilisation fell to under 20 per cent in some factories, when other plants were closed. In Nigeria, the rate of growth of manufacturing was sharply reduced to 3.4 per cent compared to 11.2 per cent in 1981, because of the shortage of imported inputs.

6. However the problems experienced by African countries were in many cases deep seated and unrelated to the world recession. Even in the case of Nigeria, which was affected by the drop of its oil revenues, the decline of the non oil economy and especially of agriculture since 1973 which had seriously aggravated the shortfall in oil revenues, could not be attributed to the world recession. Three countries, Ghana, Zaire and Tanzania were typical in this respect of the long term problems of the region. In Ghana, the fixing of cocoa prices at unremunerative levels and the pegging of the cedi at 2.75 cedis for a dollar were instrumental in depressing cocoa production and reducing export revenues. The export sector was affected by low cedi revenues, while its domestic costs were escalating. At the same time, the government sector was steadily expanding and relied more and more on outright money creation. Credits to the government grew 7 times in the period 1971/1982. This situation grew worse and reached a crisis level during 1982, the industrial

sector being virtually paralysed by the lack of spare parts and inputs, and the supply of essentials in the cities interrupted. In Zaire, the economy has, as yet, not recovered from the post-independence period of troubles. The transportation system of the country has deteriorated so much that many areas are isolated; agricultural production had suffered considerable losses, particularly cash production, and export revenues have come to depend directly on mineral production. In the context of falling prices for copper and cobalt, an increasing external imbalance has appeared, and the country has become unable to honour its foreign debt payments. In Tanzania, agriculture has slumped both in food and cash production because in some extent of the policies pursued in the sector, while in industry, almost completely government managed, high costs, low productivity, over manning, and poor management have led to growing losses borne by the public treasury. The situation has come to a head with the shrinking of external revenues associated with the world recession, and the rising cost of energy imports. Despite a relatively considerable amount of foreign assistance, Tanzania reached the point of being unable to ensure the essential imports needed to sustain the economy.

7. Domestic demand fell in 1982 by 1.3 per cent, compared to a rise of 3.7 per cent in 1981. This development was due first of all to the fall of capital formation: capital formation declined by 9.1 per cent in volume terms after growing by 4.4 per cent in 1980. Investment declined by the largest amount in oil exporting countries, where it fell by 15.4 per cent, because of the reduction in oil revenues. In other countries, capital formation remained stagnant. In contrast to investment, government and private consumption continued to grow though at modest rates: private consumption grew by 0.4 per cent and public consumption by 0.7 per cent only. The moderation of public consumption growth was the result of a generalized clamp on budget expenditures brought about by declining public revenues and by policies designed to restore the external equilibrium and conditions of long term growth. More and more countries were applying adjustment policy packages or discussing ones with the IMF and the World Bank and the trend was beginning to be felt at the level of public expenditure. As a consequence with less recourse to money creation, money supply growth went down on average and there was some reprieve on inflation but in some countries inflation accelerated under the impact of continued deficit financing by the governments. This was particularly the case in Zaire where inflation reached 37.2 per cent, and in Tanzania with the rate of inflation growing up to 28.9 per cent.

B. The situation in 1983

8. As in 1982, African output did not show significant change : GDP fell in volume terms by 0.1 per cent, that is practically zero. The fall of income per head continued therefore and reached 10.2 per cent relative to 1980. The mechanism of the continuing crisis of the economy was more or less the same as in 1982, with the added factor of a serious drought in Southern Africa and in several parts of West Africa. In the beginning of the year, the dry season in the Gulf of Guinea area was longer and drier than usual, and later in the year the rains were short-lived or absent in the northern part of the Sahel. The situation on the oil market was characterized by continued weak demand and falling prices, so that the financial crisis endured by countries like Nigeria worsened, and the non OPEC oil exporters which had fared relatively well in 1982 had lower revenues in 1983 or maintained them only by higher export volume. There was a strong recovery in the prices and demand for primary commodities other than oil, but still insufficient to boost export revenues. As a consequence the balance of payments situation of most African countries worsened, the level of imports falling with severe consequences on the performance of key sectors, particularly industry. The fall of oil prices while it affected oil exporters, was not as beneficial as it should have been to oil importers because of the rise of the dollar.

9. The overall 0.1 per cent fall of regional output in 1983 corresponds to an almost general slowdown or fall of activity in the region. Oil exporters as a whole improved their performance only marginally with a rate of 0.3 per cent, while OPEC countries experienced a new output loss of 0.9 per cent. Non oil exporters which had grown by 1.8 per cent in 1982, registered a fall of 0.3 per cent, while for non OPEC countries there was a new deceleration of growth to only 0.6 per cent after 2.2 per cent in 1982 and 4.4 per cent in 1981. The same sharp deceleration was true for LDCs countries, and apart from North Africa and Central Africa which improved their performance, (respectively to 2.4 and 2.5 per cent) the situation worsened in all other areas, Sub-Saharan Africa as a whole suffering a fall of 1.9 per cent in output compared to stability in 1982.

10. Among oil exporters, the country most severely affected was Nigeria. Its exports declined deeply with revenues going down to half their 1980 levels, compounding the financial crisis which started in 1982. The government had to cut deeply into imports and to make drastic reductions in the investment programme in order to return to equilibrium: imports were estimated at around 7.9 billion dollars, 45 per cent less than in 1982 and less than half the 1980 level. Capital spending was revised

and most non initiated projects suspended. The reduction of imports led to acute shortages of spare parts and other inputs in industry and drastic falls of activity. The effects of the oil glut were compounded by the poor performance of agriculture, food prices rising sharply on urban markets. In contrast to Nigeria, another oil exporter, Algeria was able to weather the worst consequences of the oil glut. Though Algeria kept production at the required OPEC quota (725,000 barrels a day), it was able to avoid a fall of its exports due to its diversification into oil refining and into gas: it is estimated that exports of gas and oil condensates alone provided as much as crude oil exports. Moreover the non oil sector of the economy continued to grow rapidly (8 per cent in volume terms), and benefitted from structural reforms introduced to improve efficiency. Ivory Coast remained gripped in a crisis brought about by declining export revenues and a debt repayment requirement which reached 405 billion CFA in 1983 or more than 35.3 per cent of export revenues. The government gave priority to the repayment of the debt and enacted severe reductions in investment, credits, and generally, public expenditures. These measures brought about a slump of the industrial sector already hurt by declining demand because of less export revenues. As a result, GDP decoined for the second time in 1983 and disturbing phenomenons like sizeable lay-offs in industry appeared. The government introduced further cuts of expenditures in 1983 but finally had to start negotiations for a rescheduling of its debt service. External debt was estimated at the end of 1983 at 5.2 billion dollar, while the internal debt totalled 80 to 100 billion CFA, weighing heavily on the private sector. Like Ivory Coast, Kenya has an open economy and draws its export revenues from primary commodities, mainly coffee in this case. Like Ivory Coast again, Kenya has had an impressive growth record since independence, but its growth was interrupted by the fall of international demand for primary products and by the increase in the cost of energy imports. Petroleum imports which accounted for only 7.2 per cent of imports in 1973 went up to 36.8 per cent in 1982. From more than 7 per cent for most of the 1960s and the 1970s, growth fall to only 3.3 per cent in 1982 and remained at that figure in 1983. It would have in fact fallen further if not for the good behaviour of agriculture which has grown by more than 4 per cent and for a pickup in the tourism trade. But the balance of payments situation remained extremely difficult, external reserves falling to under 300 million dollars by October 1983 compared to 628.3 million at the end of 1982. Niger is an example of a poor agricultural country whose prospects were drastically changed by mineral exports, in this case uranium exports. After enjoying a uranium "boom" after its uranium production rose to 10 per cent of total uranium production, Niger got into trouble because of the cut backs in the nuclear programme of the United States and other industrialized countries. Export revenues started to decline, and in 1983 the budget income from uranium was estimated at only 11 billion CFA from 24.8 billion in 1980. Budget expenditures had to be cut, and above all the investment

programme of the government went down to 7 billion CFA from 23.9 billion in 1983. This had a drastic effect on the construction industry, and the country found itself saddled with a sizeable debt. Because of the good performance of the agricultural sector though, the loss in total output was limited at around 3.5 per cent at constant prices. Economic conditions were also difficult in Zimbabwe. The country started on a path of strong growth after the end of UDI and the establishment of the majority government and GDP growth averaged more than 11 per cent in volume in the years 1980-1981. However since 1982, the economy is severely affected by drought and by the fall of demand for its mineral exports, and in addition by a reduction of demand in its Southern African markets. Growth has therefore plummeted and was estimated at only around 3 per cent for 1983, while a sizeable balance of payment deficit appeared, foreign assets declined to a negative 275.4 million dollar from -58.4 million in 1982.

12. Agriculture performance was overshadowed by drought. It began at the end of 1982 in Southern Africa when the 1982/1983 session rains failed, and with an abnormal dry season in coastal Western African countries. During the year, the rains failed in some areas of Northern Sahel or were under normal levels. As a result regional food production has dropped significantly, particularly cereals whose production was down to 3 per cent under the previous level. As for cash crops they were badly affected by the drought as far as coffee and cocoa are concerned, but for these two crops price and market share were also important factors. In the event, prices were increasing throughout the year, despite a lull around August, but quota allocations under the international agreements regulating the cocoa and coffee markets were not very favourable to African producers. Ivory Coast in fact continued to operate outside the cocoa agreement and was, under the coffee agreement, forced to retain stocks equivalent to one year crop. Sugar production increased substantially (4.8 per cent) but the quotas allocated to African producers in the large American market which has taken recently up to a third of African exports were not satisfactory. For cotton, production increased, but Sudan was hit by the loss of its former markets. Apart from the temporary effect of the drought, African agriculture is suffering from the effect of past policies which with some exceptions tended to shortchange the small producers by a variety of ways, while investment was concentrated on the industrial sector. During the year, the movement toward more stimulative agricultural policies gained considerable momentum, with widespread upward revisions of producers prices and increased budget and price allocations for agriculture. This will take however some time to have visible effects in terms of increased production. Moreover as already alluded to, the problems of agriculture may be more deep seated, meaning that a fundamental change in agricultural technology away from the traditional methods used by peasants is urgent. But this again will take some time to come, and the problem is compounded by the special difficulties presented by modern agriculture in tropical areas.

13. Industry was also a problem sector during the year. Mining was deeply depressed with the continuing low demand both for oil and non oil minerals in the industrialized countries markets. The impact on the oil exporters in evident and the case of Nigeria is particularly remarkable, but other mineral producers were also badly affected. Manufacturing was beset by the lack of foreign currency to buy essential inputs, and the fall of export revenues led in most areas to a sharp reduction of investment programmes. Besides, there was the drain created by poorly designed plants in relation to markets, poor management especially in the areas of manning levels and pricing policies. But there were some cases of improved performance: in Egypt, manufacturing production grew by 10.0 per cent in the year 1982/1983, while in Zaire, after the monetary reforms introduced by the government the manufacturing sector gave signs of improved performance.

14. The oil glut continued to weigh down on oil exporting countries, and OPEC members exports registered a fall of exports to 40.5 billion dollar only. In fact after a very poor start, OPEC members exports firmed up somewhat by the end of the year. Non OPEC countries export declined also, despite the improvement in the prices of all commodities except oil. However, included in the total of non OPEC countries are Gabon, an OPEC member, and four oil exporters Egypt, Congo, Cameroon and Tunisia. Imports declined by a considerable 12.9 per cent to 64.1 billion dollar, but the main sufferers were again the OPEC countries which cut imports fiercely to reduce their balance of payments problem: Nigeria was again at the forefront, its imports falling to practically half their 1980 level. Non OPEC countries imports declined by 13 per cent. Altogether there was trade surplus of 0.5 billion dollar compared to a deficit of 4.2 billion in 1982. Despite this, Africa had to contend with a lesser volume of financial flows, and with increased debt and other payments abroad. Reserves fell sharply by 1.8 billion dollar by September an indication of an overall balance of payment deficit though of smaller dimensions than in 1982.

15. Overall there was a new drop in capital formation, estimated at 5.7 per cent in volume terms. Private Consumption continued to increase though at a modest rate (1.2 per cent) and government consumption fell an indication that the moderate budget stance taken by most government was taking hold. But savings also declined, and by a large margin (3.6 per cent). The largest reduction in capital formation occurred among non OPEC members where it dropped by 6.5 per cent, while in the OPEC group, it dropped by 5.4 per cent after the 15.4 per cent reduction observed in 1982. The reduction of the investment effort after the long rise observed during the 1970s which reached a peak in 1981 with capital formation growing to 27.8 per cent of GDP, is an extremely disquieting phenomenon as it is clear that in many areas there is a net

disinvestment, i.e. that the renewal of capital is not assured. Signs of this are clear in public utilities in a number of countries, where basic water and electricity supplies in urban areas are affected because of lack of necessary capital maintenance. In a country like Zaire, an even more serious development is the lack of capital renewal in the mining industry, a situation with ominuous long term implications. This being the case, it is also evident that in oil exporting countries in particular, the investment drive of the late 70s was not well conceived and that both the level and the structure of investment were inadequate. There were too many large projects concentrated in highly capital intensive lines of production clearly beyond the technical and management capacity of the countries concerned as well as in other cases much too large investments in infrastructure. This has happened also in Ivory Coast where the rapid increase of investment after the so called coffee boom of 1976-1978 was translated into considerable building, roads and other construction projects, types of investment which have a very long gestation periods and which are very costly when production projects are not associated with them. The end result has been the present situation where Ivory Coast is saddled with high debt repayment requirements while the investments made are not generating foreign revenues. As already remarked upon in the 1981-1982 Survey of Economic and Social Conditions in Africa, what appears decisive much more than the absolute level of investment is the structure and actual use of that investment which must be oriented where it is the more profitable and not according to criteria which do not give first consideration to economic facts.

16. The year 1983 was marked by the prominence of economic policy issues. Most countries were gripped by immediate foreign exchange and supply shortages and had to find ways to ease the constraints. As in most cases there was no relief to be expected from direct recourse to financial markets and/or to bilateral aid, and as these sources of support made anyway their intervention conditional on IMF advice and participation, the issue of adjustment under the standard IMF/World Bank prescription was conspicuous. A large number of countries entered or completed agreements with the IMF and/or the World Bank for standby credit and structural adjustment programmes which included as a general rule, measures to restrain public expenditures, readjust prices and other rates (rate of interest, rate of exchange) and decentralize the management of the economy. But even beyond these IMF/World Bank packages, there was a definite shift of government policy generally in the direction indicated by the adjustment packages. Government expenditures were curtailed, developed expenditures being the most affected as governments found it extremely difficult to reduce expenditures related to social welfare. The most resistant issue was the subsidies provided to urban consumers. In Egypt alone, these subsidies are estimated to be around 2.4 billion dollar, when the budget deficit is estimated at 6 billion dollars for 1983-1984. There has been a definite clamp down on the rise of credits to the

economy and a slow down of money creation, a natural consequence of lower government expenditures. The adjustment of the exchange rate was a particular difficult issue and raised the most objections, though a number of governments readjusted their currency to more realistic level: this was the case in Ghana where after a period of special import surcharge and export bonuses which was equivalent to a dual exchange rate system the value of the cedi was changed to 30 cedis for a dollar compared to the previous 2.75 cedis for a dollar, a devaluation of 991.1 per cent; also in Zaire in a particular bold move, the government aligned the exchange rate on the parallel market in order to eliminate a major source of instability to the economy; in other cases, namely the countries, member of the zone franc, the devaluation was achieved quasi automatically through the linkage of their currencies to the French franc. Another avenue was the control of imports: in countries where the control of the government on foreign trade was strong like Algeria, there was a direct reduction of import programmes in order to achieve external balance, while in others particularly in Nigeria the government had recourse to a variety of instruments: credit restrictions, the banning of certain lines of imports, deposit requirements etc.

17. Apart from the short term problem of external equilibrium there were basic issues which had to be addressed to. As already indicated, there was a shift of policy concerning agriculture: in a number of countries producer prices were adjusted upwards to stimulate production and the distribution of government expenditures and investment reconsidered to benefit agriculture. At the same time, measures like exchange rate adjustment and government expenditures control and restructuration are fundamental if long term growth is to be based on safe grounds: everywhere overvalued currencies discouraged farmers as they tended to benefit imports and jeopardize export production. In Ghana for example the rate of the cedi at 2.75 for a dollar led to the closure or interruption of the operations of a number of firms whose exports revenues were not sufficient to cover expenses at the established rate of exchange. Changes in the management of the public sector were also initiated in many countries and this is also a fundamental prerequisite for broadly based long term growth. Some countries are in fact hamstrung by the requirements of a money losing and overmanned public sector which is consuming resources which could be better used in other sector. Most new plans drawn by governments during the year indicate a new realism manifested in reduced growth objectives more in line with the effective possibilities of the countries, more emphasis on the agricultural sector, a more selective approach to investment and greater openess towards foreign capital and a greater room for manoeuver given to local market forces.

C. Outlook for 1984

18. The ECA secretariat has prepared its short-term projections on the economic development of Africa in 1984 on the basis of a detailed procedure involving the individual economies of each ECA member States. In some cases the plans and projections prepared by governments were available for the secretariat during the preparation of the country outlook.

19. The short-term projections were based on some general working assumptions on the evolution of the world economy and on climatic conditions. It was assumed that the moderate recovery of economic activity in the European OECD countries will continue. This implies that demand for Africa's exports will rise and consequently its mineral and agricultural production will increase.

20. It was also assumed that 1984 will be a good year as far as agriculture is concerned because of the return of normal climatic patterns in east and southern Africa and around the Gulf of Guinea. A further assumption was that demand for African oil will improve by more than 4 per cent in 1984 and that the average export price of the different kinds of light African crude oil will remain at approximately the level of $30 a barrel.

21. Finally, in the domestic front, the forecast was based on government policies implicit in budget estimates for 1984. 2/

22. On the basis of the assumptions just outlined and of the underlying trend in private consumption, the growth of GDP will be satisfactory in 1984. The ECA Secretariat forecasts that the 0.1 per cent drop in the output of its 50 member States in 1983 will be followed by 3.2 per cent growth in real GDP this year. 3/ Regrettably, prospects for the following year are not so bright, and a less dynamic pace of expansion is tentatively projected for 1985.

2/ The outlook presented in this section slightly modifies the assessment indicated in chapter I, Section B and the forecast presented here supersedes the figures given in paragraphs 26-29.

3/ In the "Survey of economic and social conditions in Africa, 1981-1982" (E/ECA/CM.9/5) a moderate growth of 2.3 per cent was projected for 1983. The outcome was less than forecasted mainly because the recovery that had been expected to take place in the second half of 1983 was delayed by unexpected weakness of import demand in the industrialized world and, above all, adverse climatic conditions in several parts of Africa.

23. Almost 85 per cent of the 1984 increase is expected to result from consumption while investment, after a decline in the last two years, will show a modest growth of 2 per cent. The level of investment, at constant prices, will be lower than was in 1982 and about 90 per cent lower than it was in 1981. As a proportion of GDP investment will fall by 3 percentage points on 1981 to 22.8 per cent at constant prices. The unsatisfactory capital accumulation during the period 1982-1984 is a matter of concern and will reduce growth in 1985 and beyond. Aggregate imports of goods and services of developing Africa are projected to increase in 1984 by about 5.2 per cent in real terms almost reaching their 1981 level. The deficit in goods and services will increase because exports will grow more slowly (4.6 per cent) than imports.

24. Agriculture will grow by 3.9 per cent followed by mining (3.6 per cent and industry (2.6 per cent). Manufacturing will grow by 2.7 per cent against the average growth of 4 per cent between 1973 and 1983. The share of agriculture to GDP (at constant prices) will be higher by almost 2 percentage points as compared to 1980 and reach 24.1 per cent, while the share of mining will fall by 7 percentage points from 24.1 per cent in 1980.

25. The overall figures for the level of economic growth conceal substantial differences between geographical subregions and the region's three economic groups (see Table III.B.1). In several countries of Central, East and Southern Africa, the combined effect of lower oil prices, moderating interest rates and stronger activity in the countries of developed market economies is projected to lead to a buoyant growth, while some countries of West Africa are facing a difficult year again.

Table III.B.1
Growth in real GDP[a/]
(Percentage change over preceding year)

	1980 share in total (percentage)	1982	1983	1984
Central Africa	8.5	-	2.5	4.9
East and southern Africa	13.7	2.5	0.6	5.3
North Africa	43.2	-0.5	2.4	3.2
West Africa	34.6	-0.4	-4.2	1.8
Developing Africa	100.0	-	-0.1	3.2
Least developed countries	13.6	1.8	-0.2	3.7
Oil-exporting Africa	65.5	-1.0	0.3	2.7
Other countries	20.9	1.8	-1.3	4.5
Developing Africa	100.0	-	-0.1	3.2

Source: ECA Secretariat.

a/ Aggregates were computed at market prices expressed in 1980 US dollar terms.

26. In Africa south of the Sahara, according to ECA secretariat estimates, real GDP will grow by more than 3 per cent in 1984 after a drop of 1.9 per cent in 1983. The main source of growth for this group of countries will be agriculture, while other productive sectors will grow moderately. Fixed capital formation will stagnate and per capita consumption improve.

27. Although there is no comparison between the projected growth of 3.2 per cent in 1984 and the stagnation in both 1982 and 1983, the 1984 growth is only slightly above the historical rate of 2.9 per cent between 1973 and 1983. This average annual growth rate means that capita income has not increased during the past decade. Africa's GDP will be the same in 1984 than it was in 1980, while per capita GDP will be more than 10 per cent lower than 4 years ago. In fact, projected per capita income will fall again in 1985.

28. On the external front, the ECA secretariat foresees a deterioration in 1984, the current account deficit widening to about 5.6 per cent of GDP. This overall figure includes an increasing deterioration in the deficit of many oil-importing countries of the region. For them, the current account positions remain under considerable strain. By contrast, the current account deficit of African members of OPEC is expected to disappear from a moderate deficit of $1.3 billion in 1983. Current account prospects for 1985 are obviously subject to considerable uncertainties. The total amount of external debt of the region is expected to reach about $158 billion in 1984, while the projected public debt service ratio is expected to fall from a peak in 1983 to 21 per cent of exports of goods and services in 1984.

29. Fiscal and inflationary pressures are expected to be contained in the framework of a gradual resumption of total demand. ECA secretariat forecasts that the 12.3 per cent increase in the consumer price index of its 50 member States in 1983 will be followed by 12 per cent inflation rate in 1984.